

Market Commentary

Recap: The oil market rallied higher on Friday and settled up 2.3% on the week on hopes of increasing Chinese oil demand. Earlier in the week, Chinese refinery throughput was reported to have increased in May to its second highest total on record. However, the market's gains were limited by the prospect of increasing interest rates. The crude market traded mostly sideways in overnight trading and posted a low of \$69.95 before it bounced higher and traded to \$71.30 by mid-morning. The market's gains were capped as U.S. Federal Reserve officials struck a hawkish tone in their first comments since the central bank held the policy interest rate steady at its meeting this week and signaled that rate hikes will likely resume. Federal Reserve Governor, Christopher Waller, said slow progress on lowering inflation is "going to require, probably, some more tightening" of interest rates, while Richmond Federal Reserve President, Thomas Barkin, said he was "comfortable" with further rate increases given that inflation was not yet on an obvious path back to 2%. The oil market settled in a sideways trading pattern for much of the day before it rallied to a high of \$71.89 ahead of the close. The July WTI contract settled up \$1.16 at \$71.78 and the August Brent contract settled up 94 cents at \$76.61. The product markets ended the session sharply higher, with the July heating oil contract settling up 7.18 cents at \$2.5514 and the July RB market settling up 3.88 cents at \$2.6805.

Technical Analysis: The oil market on Tuesday, following the long holiday weekend in observance of Juneteenth, is seen remaining supported as it continues to trade within its recent trading range from \$66.80 to \$75. The market is seen finding resistance at \$71.30, followed by \$71.77 and \$71.90. Further upside seen at \$73.28 and \$75.06. Meanwhile, support is seen at \$69.95, \$67.97, \$67.15, \$66.80 and \$63.64.

Fundamental News: Russian state news agency TASS reported that Russia's Energy Ministry considers it realistic to maintain oil prices around \$80/barrel. Russia's Energy Minister, Nikolai Shulginov, also said Russian oil and gas condensate production is expected to fall by around 20 million tons or 400,000 bpd this year. He also stated that there was enough gasoline to meet Russian domestic demand.

Russian President, Vladimir Putin, said that decisions made by the OPEC+ group to cut oil production were "depoliticized" and were not connected to what Moscow calls its "special military operation" in Ukraine.

According to Iranian and Western officials, the United States is holding talks with Iran to sketch out steps that could limit the Iranian nuclear program, release some detained U.S. citizens and unfreeze some Iranian assets abroad. The U.S. government has dismissed reports it is seeking an interim deal, using carefully constructed denials that leave open the possibility of a less formal "understanding" that could avoid congressional review.

Baker Hughes reported that U.S. energy firms this week cut the number of oil and natural gas rigs operating for a seventh consecutive week for the first time since July 2020. It reported that the oil and gas rig count fell by 8 to 687 in the week ending June 16th, the lowest since April 2022. U.S. oil rigs fell by 4 to 552 this week, their lowest since April 2022, while gas rigs fell 5 to 130, their lowest since March 2022.

IIR Energy reported that U.S. oil refiners are expected to shut in 382,000 bpd of capacity in the week ending June 16th, cutting available refining capacity by 11,000 bpd. Offline capacity is expected to fall to 308,000 bpd in the week ending June 23rd.

According to consultants, shipping data and a source, Iran's crude exports and oil output have reached new highs in 2023 despite U.S. sanctions. Kpler estimates that Iranian crude exports exceeded 1.5 million bpd in May, the highest monthly rate since 2018. They were around 2.5 million bpd in 2018, before the U.S. withdrawal from the nuclear deal. In May, Iran said it increased its crude output to above 3 million bpd. That's about 3% of global supply and would be the highest since 2018.

Early Market Call - as of 8:10 AM EDT

WTI - July \$71.44, down 34 cents

RBOB - July \$2.6460, down 3.45 cents

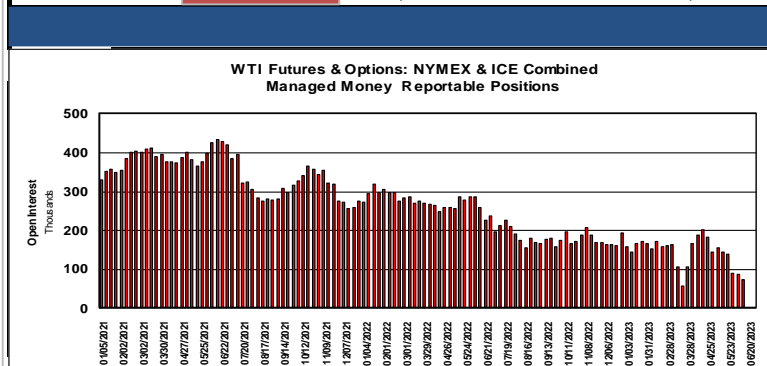
HO - July \$2.4852, down 6.62 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.5514	0.0718	0.1904
Aug-23	2.5048	0.0504	0.1510
Sep-23	2.4908	0.0450	0.1349
Oct-23	2.4808	0.0407	0.1219
Nov-23	2.4692	0.0379	0.1130
Dec-23	2.4565	0.0351	0.1059
Jan-24	2.4477	0.0324	0.0993
Feb-24	2.4362	0.0305	0.0922
Mar-24	2.4175	0.0293	0.0849
Apr-24	2.3905	0.0274	0.0783
May-24	2.3725	0.0263	0.0741
Jun-24	2.3587	0.0252	0.0716
Jul-24	2.3529	0.0249	0.0713
Aug-24	2.3492	0.0252	0.0715
Sep-24	2.3471	0.0255	0.0716
Oct-24	2.3461	0.0258	0.0712
Nov-24	2.3428	0.0258	0.0700

Sprague HeatCurve October 2023-April 2024

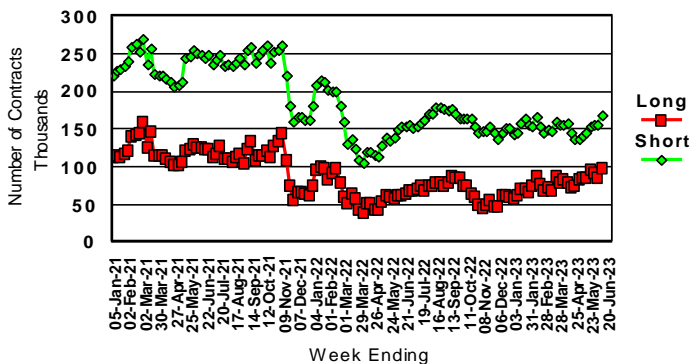
	Close	Change
Crude - WTI	\$71.9300	\$1.1200
Crude - Brent	\$76.6100	\$0.9400
Natural Gas	\$2.6320	\$0.0990
Gasoline	\$2.6805	\$0.0388



Commitment of Traders Report for the Week Ending June 13, 2023

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

